

FY 00 DCMA BUSINESS PLAN

PART B - DCMA LONG-RANGE PLAN

1. Comprehensive Mission and Vision Statements:

DCMA Mission: *Provide customer-focused contract management services--throughout the acquisition life cycle--around the clock, around the world.*

We provide a vital role in supporting the Department of Defense (DoD) mission of providing for the national defense. We produce business management, financial, and technical services, which provide our customers with high quality contractor products, delivered on time, at a reasonable price. Our overriding Agency philosophy is "One Focus, Customer Focus." Our mission is to *"Provide customer-focused contract management services"* to all of our customers--both external and internal. Even though the program manager is the direct user of our contract management services, we must always remember the ultimate customer is the warfighter--the soldiers, sailors, airmen, and marines that proudly serve our country around the world. Customer also means the people we work and interface with at all levels--the Contract Administration Offices (CAOs), the Districts, the DCMA Headquarters offices, and the Office of the Secretary of Defense (OSD). This is what "One Focus, Customer Focus" is all about. It's about recognizing that we are interdependent on one another, that we need to work together as a team to perform our mission, and that by listening to the needs and expectations of our customers we can continually improve.

Our mission statement continues by stating that we provide our services *"throughout the acquisition life cycle."* This means we serve at all stages in the life of a contract, including preaward, postaward, and closeout. Prior to contract awards, we perform a variety of Early Contract Administration Services (CAS) functions to evaluate the competence, capability, and reliability of new or existing contractors. After contract award, during the life of a contract, we administer the contract through final product delivery by providing product and manufacturing assurance, delivery surveillance, and program integration services. After the final product is delivered, our contract closeout services continue until all business, technical, and financial matters are reconciled. We ensure that our customers receive the right item, at the right time, for the right price. As our mission statement reflects, we truly serve *"around the clock, around the world."* We serve wherever and whenever the warfighter needs us. We serve during all shifts on the production line and in all time zones throughout the continental United States and in many nations around the world.

DCMA Vision: *DCMA people, teaming to provide world class contract management services--now and into the 21st century.*

Our vision begins with *"DCMA people"* because we recognize that our people are the foundation upon which our success as an Agency is based. *"Teaming"* with each other, our

business partners and our customers, is essential in achieving our vision of being a world class organization. Through reinvention and reengineering of our processes and services, we are confident we will continue to support our customers by *"providing world class contract management services now and into the 21st century."*

2. General Goals and Objectives:

Goal 1: Deliver great customer service.

It takes four key elements to deliver great customer service: flexibility, innovation, responsiveness, and excellence. Flexibility means being adaptive to our customers' needs. Innovation involves being a positive agent for change, being on the forefront of acquisition reform, and finding new and different solutions. Responsiveness is the ability to understand our customers' needs and expectations so that we ensure we take the action necessary to reply in an adequate and timely manner. Excellence means providing first-class, exceptional service in all the products and services we provide.

Objective 1.1: Provide the right item at the right time for the right price.

Delivering great customer service means giving customers what they want. In our business, customers want a product that meets contract requirements. They want it delivered on time, and they want it at a reasonable cost.

Objective 1.2: Team with our business partners to achieve customer results.

In the dynamic environment in which we operate, our relations with industry, our suppliers, and our customers have become increasingly critical to our success. DCMA provides a single face to industry and shares an allegiance with our customers when managing DoD contracts.

Goal 2: Lead the way to efficient and effective business processes.

Improving the efficiency and effectiveness of our internal processes and procedures and being accountable for our performance is the essence of Goal 2. Efficiency refers to how proficiently and economically we manage our business. Effectiveness is how well we meet our customers' needs.

Objective 2.1: Serve as a catalyst for the revolution in business affairs.

In support of DoD's revolution in business affairs, we must continually strive to improve the efficiency and effectiveness of DCMA's internal processes. We will accomplish this through managing unit cost, reducing infrastructure and support costs, and reengineering Agency processes and procedures.

Objective 2.2: Accelerate acquisition reform by applying commercial processes and practices.

DCMA plays a key role in many of the acquisition reform initiatives being undertaken by DoD. We will continue to partner with the buying activities in an effort to adopt and apply commercial processes and practices in the acquisition and manufacturing of deliverable products and services. We will also continue to engage in acquisition reform initiatives that impact our internal business processes, such as paperless contracting, reducing excess government property, and redesigning DoD source acceptance policies and procedures.

Objective 2.3: Leverage information technology to improve business results.

This objective is all about having a comprehensive strategic plan for implementing information technology, to include updating infrastructure and getting the most out of the power of the Internet. We must provide the information and tools everyone needs on their desktops to do their jobs and to produce superior results.

Goal 3: Enable DCMA people to excel.

People are the reason for our success. We must have a commitment to employee growth. People must be provided the opportunity to excel both professionally and personally. This means receiving the training, tools, and management support needed to do their jobs and the opportunity for promotions.

Objective 3.1: Invest to develop and sustain the right talent.

In order for DCMA employees to reach their full potential, they must receive training that helps them become more proficient in their area of expertise and helps them develop in a broader sense. We are committed to investing in the future by providing the employee training needed to achieve this objective.

Objective 3.2: Build and maintain a positive work environment.

DCMA is driving improved performance through creating a more enabling work environment. The internal customer system and labor management partnering are just two of the efforts underway within the Agency to ensure that the work climate supports rather than impedes performance and job satisfaction.

3. Description of How the General Goals and Objectives Are to be Achieved:

The annual DCMA Performance Plan (Part C) contains the performance goals that contribute to achievement of the goals and objectives contained in this Long-Range Plan. In addition, the Performance Contract in Part D integrates the Agency's performance commitments with the resources needed to achieve these commitments.

a. Operational Processes:

DCMA's primary approach to managing for results is its Integrated Management System (IMS). The IMS includes multi-dimensional processes for planning, resourcing and budgeting, and assessment and feedback. The multi-dimensional aspect is that all of these processes must occur at DCMA Headquarters, at the Districts, at the CAOs, and at the team level to ensure full deployment of the priorities DCMA has established to meet customer and stakeholder requirements. The IMS helps the organization translate customer and stakeholder requirements into discrete District/CAO tasks and/or strategies. Through the IMS, DCMA offices plan, resource, budget, and routinely assess progress in order to achieve the Agency goals and objectives. This closed-loop system is used to continually gauge where an organization stands against its mission and financial performance goals. It is designed to be dynamic with monthly, quarterly, biannual, and annual reviews of different system facets to proactively direct resources to achieve the desired organizational results.

Through the performance indicators and identified milestones, progress to plan is monitored via the management review process. Customer priorities are gathered through DCMA Customer Liaisons at the Headquarters, customer surveys by the Districts, and CAOs' daily communication with customers. This information is continually reviewed to ensure the IMS considers changing customer requirements and to act on issues affecting customer satisfaction.

b. Skills and Technology:

The business environment of the future is shaping up to be highly dependent upon risk management, performance-based management, and computer technology skills. Transforming the use of manual logs and registers into automated systems capable of serving as workload management tools, while at the same time seamlessly capturing and economically collecting meaningful management information, is a requisite technology to successfully managing for results. Timely, complete, and accurate data must be available at the lowest level of the organization if sound business decisions are to be made. Visibility of key data and information at the team level--where the work gets done--will enhance data integrity and support performance-based management, allowing teams to self-direct the application of limited resources to the right priorities.

The technology must also support the compilation of data to support Agency-level review without causing undue burden on the field organizations. This is what the Defense Information Repository Automated Metrics System (DIRAMS) strives to achieve. Though still in its infancy, it seeks to integrate multiple data sources populating common fields from single sources of entry. The data repository makes all information accessible to DCMA Headquarters, the Districts, and the CAOs at the same time, ultimately eliminating the need to have separate calls for Agency management information. Certain functional systems, such as DCMA's Risk Management process, provide the organization with a systematic risk assessment methodology. This systematic approach provides for personnel skill development in risk management, as well as providing a consistent approach to applying resources for mitigating the highest risks.

Core competencies are the unique combination of skills, processes, technologies, and knowledge bases at which an organization excels. One of DCMA's very critical core competencies is Single Face to Industry. Single Face to Industry means "Providing industry with consistency, continuity, and predictability." More specifically, it means "... a single government voice for contracting, whether in award of multi-year prime vendor contracts to effect unit costs savings across the Department or in contract administration to protect public interests, encourage contractor self-governance, and stimulate continuous performance improvement. DCMA provides a single face to industry for administration of DoD contracts. DCMA shares a constancy of purpose with its customers, as well as the DoD program and buying offices. Its goal is to administer government contracts efficiently and consistently in support of program objectives across the Defense industry."

c. Human, Capital, Information, and Other Resources:

Human Resource skill development in the areas of identifying and managing risk, process analysis, and process improvement need to be addressed in the corporate training plan as well as in local level plans. These areas are critical success factors. Enabling personnel to be self-supporting in developing computer skills is accomplished by providing multiple media opportunities to develop these skills. Through computer-based training, classroom training, and funding outside training sources, personnel have opportunities to enhance their use of the business tools.

During FY 00, DCMA will implement unit cost management. The aim of unit cost is to relate total cost to the work or output produced. This requires us to alter the way we think and work and change the way we manage. DCMA has pledged to provide increasing quality at decreasing cost—achieving better value for each Defense dollar spent.

4. Description of How the Performance Goals Shall be Related to the General Goals and Objectives:

The Performance Plan is structured in accordance with the long-range goals and objectives. Each of the Agency-level goals and objectives is supported by a series of performance goals with corresponding performance indicators that represent the Agency's near-term strategy for measuring our progress in achieving the objectives. The Performance Plan also contains investment goals which represent activities undertaken in the current fiscal year that may not impact achievement of the objectives during that year but will result in performance improvement in future years. The performance goals identified in Part C of the DCMA Business Plan have been selected by the DCMA Executive Council to ensure successful achievement of the Agency-level goals and objectives. The performance goals are current year priorities designed to lead the organization to its vision.

5. Key Factors External to the Agency and Beyond Its Control That Could Significantly Affect the Achievement of the General Goals and Objectives:

The DoD is in an important transition. While it is clear the era of multiple superpowers with cumbersome, bureaucratic governments is over, the “New World Order” is uncertain. However, two overarching trends can be identified that will shape this new environment.

First, the end of the Cold War has ushered in a period of more changeable and less predictable security challenges. The United States will enter the new millennium as the sole super power. Despite this strategic opportunity, the Secretary of Defense warned in his 1998 report to the President and Congress of destabilizing trends that will shape this emerging environment such as large scale cross border aggression, failed nation states, transnational dangers like religiously motivated terrorists, and a flow of potentially dangerous technologies.

Second, existing Defense infrastructure and business practices are legacies of the Cold War era and are no longer sufficiently agile or affordable to meet today’s needs. The National Performance Review (NPR) is driving the entire Federal government to reengineer its processes with three major goals in mind--delivering great service, fostering partnerships, and internal reinvention. Flexibility, responsiveness, and affordability are also envisioned as the hallmarks of the new governmental model. As the President states in his introduction to the Blair House Papers, “The era of big government is over, but the era of big challenges is not.”

These two trends are evident in many DoD initiatives. The Quadrennial Defense Review (QDR), Joint Vision 2010, and Revolution in Military Affairs establish how DoD will meet the post-Cold War era security challenges and together describe the United States Armed Forces transformation strategy. Recurring themes are increased modernization investment, streamlined infrastructure, investing in people, and exploiting information technology.

This Armed Forces transformation is, in turn, supported by a Department transformation strategy. There are three major initiatives under this strategy: the Defense Reform Initiative (DRI), Management Reform Memoranda (MRMs), and Defense Acquisition Year 2000 Goals. The DRI has four pillars: reengineering (for example, paperless contracting), consolidation (for example, OSD manpower reduction), competition (supported by Office of Management and Budget (OMB) Circular A-76), and infrastructure elimination (for example, proposed additional rounds of Base Realignment and Closure (BRAC)). Many MRMs have been issued, some of them supported directly by DCMA. For example, DCMA led the execution of MRM #5, disposal of excess government-owned property, and MRM #10, redesigning DoD source acceptance policy procedures. The Defense Acquisition Year 2000 Goals align a set of DoD goals under the three organizing NPR goals. These goals echo the familiar themes of reengineering processes to be more efficient, streamlining, reducing support costs, and investing in people. Specific goals include: fielding new, major systems in 25% less time; making 90% of all DoD micropurchases by credit card; becoming a world class learning organization, decreasing paper transactions by 50% through Electronic Commerce/Electronic Data Interchange (EC/EDI); reducing the acquisition related workforce by 15%; and disposing of \$3 billion in unneeded government property.

Another way to look at DoD's transformation strategy is as a Revolution in Military Affairs supported by a Revolution in Business Affairs. As Dr. Gansler, Under Secretary of Defense, Acquisition, Technology, and Logistics, has said, "The Revolution in Military Affairs meets the challenge of transforming our forces in the face of changes in both the security environment and in the art of warfare. The parallel Revolution in Business Affairs restructures what we buy and how we buy it." It also reduces the infrastructure required to operate the acquisition system. The DoD goal is to adopt business practices that mirror those commercial practices industry has successfully used to become lean, flexible, and competitive.

The Revolution in Business Affairs as articulated by top DoD leadership has five priorities:

1. Implement and institutionalize acquisition reform.
2. Increase civil/military integration.
3. Shift resources from support to modernization and combat.
4. Totally reengineer the DoD logistics system.
5. Focus on training and educating the acquisition workforce.

Section 912 of the National Defense Authorization Act for FY 98 directed the Secretary of Defense to submit to Congress a report containing a plan to streamline the DoD acquisition organization, workforce, and infrastructure. The Section 912 Report takes into account the major Departmental goals and initiatives and is broken into five major areas:

1. Restructuring research, development, and test.
2. Restructuring sustainment.
3. Increasing acquisition workforce training.
4. Moving to paperless operations.
5. Developing future focus areas of: (a) A price-based approach to acquisition. (b) More fully integrating test and evaluation activities.

While the full impact of this new environment on DCMA is still being defined, many aspects are known. We can anticipate smaller, more agile acquisition organizations that will need a flexible, highly trained workforce to succeed. These organizations will adopt many of those commercial practices proven by reengineered companies to be successful. We can anticipate establishing more enduring partnerships with our strategic suppliers and with our customers in DoD. We can anticipate redesigned contractual instruments that rely heavily on performance requirements and that will be price based, not cost based. We can anticipate a greater emphasis on affordability. We can anticipate using less paper.

6. Description of the Program Evaluations Used in Establishing or Revising the General Goals and Objectives:

The DCMA Director, in concert with his senior leadership staff, evaluates the Agency's goals and objectives on an annual basis and revises them as necessary. During the review, the senior leaders also validate the Agency's mission and vision statements. This review of the goals and objectives, which normally takes place in the Fall of each year, officially kicks off the subsequent year's planning and budgeting cycle and results in development of DCMA's annual Business Plan. In evaluating the goals and objectives, the senior leaders consider the impacts of key environmental factors external to the Agency and beyond its control that could significantly affect the achievement of the goals and objectives. The senior leaders also consider the results of both internal and external assessments of the Agency's operations and performance and feedback from DCMA's customers, stakeholders, and employees. The goals and objectives form the foundation of the annual DCMA Performance Plan (Part C of the annual Business Plan). In the Performance Plan, each of the goals and objectives is supported by a series of performance goals with corresponding performance indicators that represent the Agency's near-term strategy for measuring its progress in achieving the long-term goals and objectives. To ensure successful achievement of the goals and objectives, DCMA's senior leaders determine annually the performance goals that will be included in the Performance Plan.